

NEW BUFFALO TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

June 30, 2008

**NEW BUFFALO TOWNSHIP
Berrien County, Michigan
June 30, 2008**

TOWNSHIP BOARD

Agnes Conway

Supervisor

Rolland Oselka

Clerk

Jack Rogers

Treasurer

Peter Rahm

Trustee

Quincy White

Trustee

**NEW BUFFALO TOWNSHIP
Berrien County, Michigan
June 30, 2008**

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Berrien County, Michigan
June 30, 2008**

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To the Board of Trustees
New Buffalo Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of New Buffalo Township, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of New Buffalo Township, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of New Buffalo Township, Michigan, as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, on our consideration of New Buffalo Township, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 11 and 38 through 42, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Buffalo Township, Michigan's basic financial statements. The individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Schaffer & Layher".

Schaffer & Layher
December 22, 2008

David Schaffer, CPA
Michael Layher, CPA
Founding Partners:
Morris McMurray, CPA
Raymond Marks, CPA
Jeff Edmunds, CPA



To the Board of Trustees
New Buffalo Township, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of New Buffalo Township, Michigan, as of and for the year ended June 30, 2008, which collectively comprise New Buffalo Township, Michigan's basic financial statements and have issued our report thereon dated December 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Buffalo Township, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Buffalo Township, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of New Buffalo Township, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects New Buffalo Township, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of New Buffalo Township, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the New Buffalo Township, Michigan's internal control. We consider the deficiencies described as 2008-1 and 2008-2 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by New Buffalo Township, Michigan's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

David Schaffer, CPA
Michael Layher, CPA
Founding Partners:
Morris McMurray, CPA
Raymond Marks, CPA
Jeff Edmunds, CPA

To the Board of Trustees
New Buffalo Township, Michigan

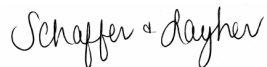
Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Buffalo Township, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of New Buffalo Township, Michigan, in a separate letter dated December 22, 2008.

New Buffalo Township, Michigan's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit New Buffalo Township, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Schaffer & Layher
December 22, 2008

Schedule of Findings and Responses

The following findings have been identified as significant deficiencies:

Finding 2008-1

Financial Reporting Process

Personnel responsible for financial reporting have time and monetary constraints that require assistance in preparing the financial statements and related footnotes. The staff of the Township does understand all information included in the annual financial statements, but obtains assistance in the preparation. Internal controls should be in place to provide reasonable assurance to the Township that management prepare, monitor, and report annual financial activity without auditor intervention. The effect of this condition places a reliance on the independent auditor to be part of the Township's internal controls over financial reporting. The Township should review and implement the necessary education and procedural activities to monitor and report annual financial activity.

Management Response

We are aware of this deficiency. However, due to budgetary constraints we have not developed these processes. During fiscal 2009, we will continue to assess the feasibility and cost of contracting with a qualified third-party to improve our internal controls over financial reporting.

Finding 2008-2

Segregation of Duties

The Township lacks an appropriate segregation of incompatible duties with appropriate control objectives. We understand this is primarily due to financial constraints.

Management Response

We are aware of this deficiency; however, given the size of our entity and our available resources, it is difficult to provide for appropriate segregation of incompatible duties for all accounting functions. However, we will evaluate available options to administer limited segregation of duties for key accounting functions given our current resources.

Using this Annual Report

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

Financial Highlights

The Township's combined net assets increased 0.9% from a year ago—increasing from \$9,838,989 to \$10,707,278. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase in net assets of \$493,104 during the year, while the business-type activities experienced an increase in net assets of \$375,185.

Overview of the Financial Statements

This report consists of four parts---*management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents financial statements for the non-major governmental fund. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Township government, reporting the Township's operations in more detail than the government-wide statements.
 - The *governmental funds statements* tell how general government services, like public safety, were financed in the short-term as well as what remains for future spending.
 - *Proprietary fund statements* offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as the water and sewer system.
 - *Fiduciary fund statements* provide information about the financial relationships, in which the Township acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to the required parts of the report, we have included a section with financial statements that provide details about our non-major governmental fund. The following table summarizes the major features of the Township's financial statements, including the portion of the Township government they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Overview of the Financial Statements, Concluded

Major Features of New Buffalo Township's Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Township government (except fiduciary funds) and the Township's Component units.	The activities of the Township that are not proprietary or fiduciary, such as ambulance, building, and liquor.	Activities that the Township operates similar to private businesses: the water and sewer system.	Instances in which the Township is the trustee or agent for someone else's resources, such as property tax collections.
Required Financial Statements.	> Statement of net assets > Statement of activities.	> Balance Sheet > Statement of revenues, expenditures, and changes in fund balances.	> Statement of net assets > Statement of revenue, expenses, and changes in net assets. > Statement of cash flows	> Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term; the Township's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information.	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities, which is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township you need to consider additional non-financial factors such as changes in the Township's property tax base and condition of the Township's infrastructure.

Government-wide Statements, Concluded

The government-wide financial statements of the Township are divided into three categories:

- **Governmental activities**—Most of the Township's basic services are included here, such as general government, public safety, public works, and recreation and culture.
- **Business-type activities**—The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer system are included here.
- **Component units**—The Township includes one other entity in its report—the New Buffalo Township Library. Although legally separate, the “component unit” is important because the Township is financially accountable for it.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds—not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Township Board establishes other funds to control and manage money for a particular purpose (i.e. building or liquor sales tax monies) or to show that it is properly using certain taxes and grants (i.e. ambulance monies).

The Township has the following three kinds of funds:

- ***Governmental Funds***—Most of the Township's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- ***Proprietary Funds***—Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise funds (a type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- ***Fiduciary Funds***—The Township is the trustee, or fiduciary, for its property tax collections. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Financial Analysis of the Township As A Whole

The Township's combined net assets were \$10,707,278. In a condensed format the following table below shows a breakdown of the net assets:

	Governmental Activities	Business-Type Activities	Total June 30, 2008	June 30, 2007
Current assets	\$ 1,641,368	\$ 4,412,938	\$ 6,054,306	\$ 6,859,546
Equity investment	-	4,208,803	4,208,803	3,837,668
Capital assets	474,256	9,592,856	10,067,112	8,192,417
Other assets	-	75,631	75,631	43,723
Total Assets	\$ 2,115,624	\$ 18,290,228	\$ 20,405,852	\$ 18,933,354
Long-term debt outstanding	\$ -	\$ 9,231,719	\$ 9,231,719	\$ 8,250,121
Other liabilities	321,245	145,610	466,855	844,244
Total Liabilities	\$ 321,245	\$ 9,377,329	\$ 9,698,574	\$ 9,094,365
Net Assets				
Invested in capital assets, net of related debt	\$ 474,256	\$ 3,734,537	\$ 4,208,793	\$ 3,048,568
Unrestricted	1,320,123	4,575,196	5,895,319	6,790,421
Restricted for Capital Outlay	-	603,166	603,166	-
Total Net Assets	\$ 1,794,379	\$ 8,912,899	\$ 10,707,278	\$ 9,838,989

Capital assets increased \$1,874,695 from prior year. This increase is primarily due to construction costs associated with the completion of the Township's 2007 water expansion project, Four Winds Casino water and sewer line expansion, and MDOT Welcome Center and Wilson Road sewer expansion projects. Long-term debt outstanding increased due to a \$975,000 bond issue used to finance the Township water and sewer line expansion projects, and a \$360,000 bond issued by the GRSD Sewer Authority.

The following table shows the changes of the net assets as of the current date.

	Governmental Activities	Business-Type Activities	Total June 30, 2008	June 30, 2007
Program Revenues				
Charges for services	\$ 341,694	\$ 1,445,348	\$ 1,787,042	\$1,071,741
Operating Grants and Contributions	499,958	-	499,958	-
General Revenues				
Property Taxes	487,426	-	487,426	365,277
State Shared Revenues	140,125	-	140,125	140,343
Tap Fees - Infrastructure	-	333,704	333,704	34,037
Interest and Rentals	117,896	64,937	182,833	204,372
Miscellaneous	49,252	-	49,252	75,129
Special Items	-	17,283	17,283	12,018
Total Revenues	<u>\$ 1,636,351</u>	<u>\$ 1,861,272</u>	<u>\$ 3,497,623</u>	<u>\$1,902,917</u>
Program Expenses				
General Government	\$ 647,230	\$ -	\$ 647,230	\$ 665,947
Public Safety	465,455	-	465,455	210,231
Public Works	16,346	-	16,346	19,930
Recreation and Culture	14,216	-	14,216	26,047
Interest on Long-Term Debt	-	-	-	85
Water	-	883,873	883,873	497,003
Sewer	-	602,214	602,214	478,602
Total Expenses	<u>\$ 1,143,247</u>	<u>\$ 1,486,087</u>	<u>\$ 2,629,334</u>	<u>\$1,897,845</u>
Change in Net Assets	<u>\$ 493,104</u>	<u>\$ 375,185</u>	<u>\$ 868,289</u>	<u>\$ 5,072</u>

Governmental Activities

The Township's total revenues and expenses for governmental activities increased by \$625,325 and \$221,007, respectively. The revenue increase was due to several factors. These included the receipt of a \$239,000 grant from the Pokagon Fund for use on the Township's Memorial Park project, \$260,958 of local revenue sharing received for reimbursement of public safety costs and \$113,022 of tax revenue received related to the new park millage. Total expenses increased due to the new police protection contract entered into with the county sheriff during fiscal 2008 relating to the opening of the Four Winds Casino. Total costs for this additional police protection was \$260,958.

Business-Type Activities

The Township's business-type activities consist of the Water and Sewer Funds. The Township provides water to its residents from New Buffalo Township's water system and sewage treatment through the GRSD Sewer Authority sewage treatment plant. In 2008, total revenues increased by \$969,381, which related to increases in both water and sewer revenues. Water revenues increased \$437,395 due to fiscal 2008 being the first full year of Township's water sales activities, and increases in tap-in fees. Sewer revenues increased by \$531,986 primarily as a result of increased sewer usage charges and the receipt of \$333,704 of infrastructure tap-in fees from the state of Michigan related to the MDOT Welcome Center project.

Total business-type activities expenses increased \$510,482 from the prior fiscal year. Water related expenses increase \$386,870 as a result of a full year of water sales activities for the Township and the related increase in operating costs and water purchase costs. Sewer related expenses increased \$123,612 primarily due to the increase of \$162,473 in sewer charges paid to the GRSD.

The Township's Funds

Our analysis of the Township's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millage. The Township's major funds for 2008 included the General Fund, Ambulance Fund, Building Fund, Local Revenue Sharing Fund, and the Park Millage Fund.

The General Fund pays for most of the Township's governmental services, including legislative, fire, cemetery, and other services. The most significant services are legislative and fire, which had expenditures of \$117,880 and \$97,813, respectively, in 2008. The services are supported by general revenue sources of the General Fund.

General Fund Budgetary Highlights

The Township did not make amendments to the budget during fiscal 2008.

Capital Asset and Debt Administration

At the end of June 30, 2008, the Township had investment in capital assets for its governmental and business-type activities of \$10,067,112 (net of depreciation). This investment includes a broad range of capital assets, including land, buildings and improvements, furniture and equipment, water and sewer lines, and construction in progress. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statement because of Michigan law, which makes these roads the property of the Berrien County Road Commission, along with the responsibility to maintain them. The Township chose not to retroactively report any other infrastructure assets, and will only report any additions prospectively in accordance with G.A.S.B. #34.

In the current year, the Township expended an additional \$1,117,465 to complete the 2007 Township water expansion project. Additionally, the Township expended \$411,126 related to the Four Winds Casino sewer and water line oversizing. The Township has \$655,611 included in construction in progress at current year-end related to two sewer expansion projects.

Capital Asset and Debt Administration, Concluded

During 2008, the Township issued \$975,000 (\$535,538 – Water Fund; \$439,462 – Sewer Fund) in 2007 Series B general obligation bonds for the purpose of funding expansion of the Township's water and sewer systems. The first annual principal payment of \$30,000 is due on November 1, 2008.

During 2008, the GRSD Sewer Authority issued \$1,800,000 of general obligation bonds for the purpose of various capital improvements. The responsibility of the repayment of the debt is shared equally with the cities of Bridgman and New Buffalo, and the Townships of New Buffalo, Lake, and Chikaming. The Authority anticipates to make the debt payments on these bonds with excess reserves on behalf of the municipalities. The Township has recorded an amount of \$360,000 related to this debt as of June 30, 2008.

Economic Factors and Next Year's Budgets and Rates

The Township anticipates revenue over expenditures in the governmental funds and the business-type activity funds will attempt to have positive cash flows.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

The financial report of the discretely presented component unit, New Buffalo Township Library, can be obtained directly from the management of the Library.

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 1,214,338	\$ 1,467,477	\$ 2,681,815	\$ 106,213
Restricted Cash	-	603,166	603,166	-
Total Cash & Equivalents	\$ 1,214,338	\$ 2,070,643	\$ 3,284,981	\$ 106,213
Certificates of deposit > 90 days	62,051	337,706	399,757	-
Special Assessment Receivable, net	-	1,767,559	1,767,559	-
Other Receivables, net	317,542	198,954	516,496	-
Due From Other Governments	52	-	52	-
Internal Balances	6,742	38,076	44,818	-
Prepaid Expenses	40,643	-	40,643	-
Noncurrent Assets				
Equity Investment	-	4,208,803	4,208,803	-
Capital Assets, Net	474,256	9,592,856	10,067,112	859,368
Deferred Charges	-	75,631	75,631	-
Total Assets	<u>\$ 2,115,624</u>	<u>\$ 18,290,228</u>	<u>\$ 20,405,852</u>	<u>\$ 965,581</u>
Liabilities				
Accounts Payable	\$ 19,320	\$ 59,090	\$ 78,410	\$ 523
Accrued Other Liabilities	263,853	79,774	343,627	1,279
Internal Balances	38,072	6,746	44,818	-
Noncurrent Liabilities				
Due Within One Year	-	415,824	415,824	-
Due in More Than One Year	-	8,815,895	8,815,895	-
Total Liabilities	<u>\$ 321,245</u>	<u>\$ 9,377,329</u>	<u>\$ 9,698,574</u>	<u>\$ 1,802</u>
Net Assets				
Invested in Capital Assets Net of Related Debt	\$ 474,256	\$ 3,734,537	\$ 4,208,793	\$ 859,368
Unrestricted	1,320,123	4,575,196	5,895,319	11,628
Restricted for Capital Outlay	-	603,166	603,166	92,783
Total Net Assets	<u>\$ 1,794,379</u>	<u>\$ 8,912,899</u>	<u>\$ 10,707,278</u>	<u>\$ 963,779</u>

The notes to the financial statements are an integral part of these statements

NEW BUFFALO TOWNSHIP

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
June 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Primary Government		Total	
				Governmental Activities	Business-Type Activities		
Primary Government							
<i>Governmental Activities</i>							
General Government	\$ 647,230	\$ 341,694	\$ -	\$ (305,536)		\$ (305,536)	
Public Safety	465,455	-	260,958	(204,497)		(204,497)	
Public Works	16,346	-	-	(16,346)		(16,346)	
Recreation and Culture	14,216	-	239,000	224,784		224,784	
Total Governmental Activities	<u>\$ 1,143,247</u>	<u>\$ 341,694</u>	<u>\$ 499,958</u>	<u>\$ (301,595)</u>		<u>\$ (301,595)</u>	
<i>Business-Type Activities</i>							
Water	\$ 883,873	\$ 747,619	\$ -		\$ (136,254)	\$ (136,254)	
Sewer	602,214	697,729	-		95,515	95,515	
Total Business-Type Activities	<u>\$ 1,486,087</u>	<u>\$ 1,445,348</u>	<u>\$ -</u>		<u>\$ (40,739)</u>	<u>\$ (40,739)</u>	
Total Primary Government	<u>\$ 2,629,334</u>	<u>\$ 1,787,042</u>	<u>\$ 499,958</u>	<u>\$ (301,595)</u>	<u>\$ (40,739)</u>	<u>\$ (342,334)</u>	
Component Units							
New Buffalo Township Library	<u>\$ 242,773</u>	<u>\$ 63,380</u>	<u>\$ -</u>				<u>\$ (179,393)</u>
General Revenues							
Property Taxes				\$ 487,426	\$ -	\$ 487,426	\$ 210,252
Tap Fees - Infrastructure				-	333,704	333,704	-
State Shared Revenues				140,125	-	140,125	5,143
Interest and Rentals				117,896	64,937	182,833	22,602
Miscellaneous				49,252	-	49,252	18,776
Special Items - Income from Joint Venture				-	17,283	17,283	-
Total General Revenues and Special Items				<u>\$ 794,699</u>	<u>\$ 415,924</u>	<u>\$ 1,210,623</u>	<u>\$ 256,773</u>
Change in net assets				<u>\$ 493,104</u>	<u>\$ 375,185</u>	<u>\$ 868,289</u>	<u>\$ 77,380</u>
Net Assets-Beginning				1,301,275	8,537,714	9,838,989	886,399
Net Assets-Ending				<u>\$ 1,794,379</u>	<u>\$ 8,912,899</u>	<u>\$ 10,707,278</u>	<u>\$ 963,779</u>

The notes to the financial statements are an integral part of these statements

NEW BUFFALO TOWNSHIP
**GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2008**

	General Fund	Ambulance Fund	Building Fund	Local Revenue Sharing Fund	Park Millage Fund	Non-Major Governmental Fund	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 492,499	\$ 267,777	\$ 111,518	\$ 32	\$ 333,292	\$ 9,220	\$ 1,214,338
Certificates of deposit > 90 days	22,196	39,855	-	-	-	-	62,051
Receivables, net	10,617	223	25	260,958	-	-	271,823
Due from other governmental units	52	-	-	-	-	-	52
Due from other governmental funds	4,959	-	-	-	-	277	5,236
Due from fiduciary funds	45,719	-	-	-	-	-	45,719
Due from proprietary funds	6,742	-	-	-	-	-	6,742
Prepaid expenses	40,643	-	-	-	-	-	40,643
Total Assets	<u>\$ 623,427</u>	<u>\$ 307,855</u>	<u>\$ 111,543</u>	<u>\$ 260,990</u>	<u>\$ 333,292</u>	<u>\$ 9,497</u>	<u>\$ 1,646,604</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 17,169	\$ 10	\$ 116	\$ -	\$ 2,025	\$ -	\$ 19,320
Other current liabilities	2,895	-	-	-	-	-	2,895
Due to Pokagon Fund	-	-	-	260,958	-	-	260,958
Due to other governmental funds	277	-	4,959	-	-	-	5,236
Due to proprietary funds	38,072	-	-	-	-	-	38,072
Total Liabilities	<u>\$ 58,413</u>	<u>\$ 10</u>	<u>\$ 5,075</u>	<u>\$ 260,958</u>	<u>\$ 2,025</u>	<u>\$ -</u>	<u>\$ 326,481</u>
Fund Balances							
Reserved for Prepaid expenses	\$ 40,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,643
Unreserved:							
Designated	30,214	-	-	-	-	-	30,214
Undesignated	494,157	307,845	106,468	32	331,267	9,497	1,249,266
Total Fund Balances	<u>\$ 565,014</u>	<u>\$ 307,845</u>	<u>\$ 106,468</u>	<u>\$ 32</u>	<u>\$ 331,267</u>	<u>\$ 9,497</u>	<u>\$ 1,320,123</u>
Total Liabilities and Fund Balances	<u>\$ 623,427</u>	<u>\$ 307,855</u>	<u>\$ 111,543</u>	<u>\$ 260,990</u>	<u>\$ 333,292</u>	<u>\$ 9,497</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

* Capital assets used in governmental activities are not financial resources and are not reported in the funds

474,256

Net Assets of Governmental Activities

\$ 1,794,379

The notes to the financial statements are an integral part of these statements

NEW BUFFALO TOWNSHIP

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008**

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Building Fund</u>	<u>Local Revenue Sharing Fund</u>	<u>Park Millage Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
Revenues							
Taxes	\$ 196,834	\$ 177,698	\$ -	\$ -	\$ 113,022	\$ -	\$ 487,554
Service and tax administrator fees	151,312	-	-	-	-	-	151,312
Licenses and Permits	3,066	-	-	-	-	-	3,066
State Shared Revenue	140,125	-	-	-	-	-	140,125
Local Revenue Sharing	-	-	-	260,958	-	-	260,958
Charges for Services	34,799	-	152,517	-	-	-	187,316
Fines and Forfeits	733	-	-	-	-	-	733
Grants	-	-	-	-	239,000	-	239,000
Interest and Rentals	109,936	4,791	2,535	32	602	-	117,896
Other Revenues	42,268	-	1,120	-	-	5,131	48,519
Total Revenues	<u>\$ 679,073</u>	<u>\$ 182,489</u>	<u>\$ 156,172</u>	<u>\$ 260,990</u>	<u>\$ 352,624</u>	<u>\$ 5,131</u>	<u>\$ 1,636,479</u>
Expenditures							
Current							
General Government	\$ 409,429	\$ -	\$ 164,360	\$ -	\$ -	\$ 4,747	\$ 578,536
Public Safety	97,813	106,684	-	260,958	-	-	465,455
Public Works	16,346	-	-	-	-	-	16,346
Recreation and Culture	4,888	-	-	-	9,328	-	14,216
Capital Outlay	50,467	-	-	-	-	-	50,467
Total Expenditures	<u>\$ 578,943</u>	<u>\$ 106,684</u>	<u>\$ 164,360</u>	<u>\$ 260,958</u>	<u>\$ 9,328</u>	<u>\$ 4,747</u>	<u>\$ 1,125,020</u>
Excess of Revenues Over Expenditures	<u>\$ 100,130</u>	<u>\$ 75,805</u>	<u>\$ (8,188)</u>	<u>\$ 32</u>	<u>\$ 343,296</u>	<u>\$ 384</u>	<u>\$ 511,459</u>
Other Financing Sources(Uses)							
Operating Transfers In	12,029	-	-	-	-	-	12,029
Operating Transfers Out	-	-	-	-	(12,029)	-	(12,029)
Total Other Financing Sources(Uses)	<u>\$ 12,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,029)</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 112,159</u>	<u>\$ 75,805</u>	<u>\$ (8,188)</u>	<u>\$ 32</u>	<u>\$ 331,267</u>	<u>\$ 384</u>	<u>\$ 511,459</u>
Fund Balances-June 30, 2007	452,855	232,040	114,656	-	-	9,113	808,664
Fund Balances-June 30, 2008	<u><u>\$ 565,014</u></u>	<u><u>\$ 307,845</u></u>	<u><u>\$ 106,468</u></u>	<u><u>\$ 32</u></u>	<u><u>\$ 331,267</u></u>	<u><u>\$ 9,497</u></u>	<u><u>1,320,123</u></u>

The notes to the financial statements are an integral part of these statements

NEW BUFFALO TOWNSHIP**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008**

Net Change in Fund Balances - Total Governmental Funds	\$ 511,459
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Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures;
in the statement of activities, these costs are allocated
over their estimated useful lives as depreciation.

Depreciation expense	(68,694)
Capital outlay	50,467

Deferred revenues have been recognized when received in the governmental funds	<u>(128)</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 493,104</u></u>
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The notes to the financial statements are an integral part of these statements

PROPRIETARY FUNDS STATEMENT OF NET ASSETS
June 30, 2008

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 545,366	\$ 922,111	\$ 1,467,477
Restricted Cash	-	603,166	603,166
Total Cash and Equivalents	\$ 545,366	\$ 1,525,277	\$ 2,070,643
Certificates of Deposit > 90 days	59,305	278,401	337,706
Special assessment receivables, net	1,194,628	572,931	1,767,559
Other receivables, net	67,556	131,398	198,954
Due from other governmental funds	38,072	-	38,072
Due from fiduciary funds	-	-	-
Due from other proprietary funds	492,482	-	492,482
Due from other governments	-	-	-
Total Current Assets	<u>\$ 2,397,409</u>	<u>\$ 2,508,007</u>	<u>\$ 4,905,416</u>
Noncurrent Assets			
Equity Investment	\$ -	\$ 4,208,803	\$ 4,208,803
Capital Assets	6,390,166	3,202,690	9,592,856
Deferred Charges	56,940	18,691	75,631
Total Noncurrent Assets	<u>\$ 6,447,106</u>	<u>\$ 7,430,184</u>	<u>\$ 13,877,290</u>
Total Assets	<u>\$ 8,844,515</u>	<u>\$ 9,938,191</u>	<u>\$ 18,782,706</u>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 30,236	\$ 28,854	\$ 59,090
Accrued Interest	46,604	29,570	76,174
Deferred Revenue	3,600	-	3,600
Due to other governmental funds	5,781	961	6,742
Due to other proprietary funds	-	492,482	492,482
Current portion of noncurrent liabilities	236,300	179,524	415,824
Total Current Liabilities	<u>\$ 322,521</u>	<u>\$ 731,391</u>	<u>\$ 1,053,912</u>
Noncurrent Liabilities			
Bonds payable, less current portion	<u>4,649,263</u>	<u>4,166,632</u>	<u>8,815,895</u>
Total Liabilities	<u>\$ 4,971,784</u>	<u>\$ 4,898,023</u>	<u>\$ 9,869,807</u>
Net Assets			
Invested in Capital Assets-Net of related debt	\$ 1,504,603	\$ 2,229,934	\$ 3,734,537
Unrestricted	2,368,128	2,207,068	4,575,196
Restricted for Capital Outlay	-	603,166	603,166
Total Net Assets	<u>\$ 3,872,731</u>	<u>\$ 5,040,168</u>	<u>\$ 8,912,899</u>

The notes to the financial statements are an integral part of these statements

NEW BUFFALO TOWNSHIP**PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008**

	Water <u>Fund</u>	Sewer <u>Fund</u>	Total Proprietary <u>Funds</u>
Operating Revenues			
Water Sales	\$ 473,223	\$ -	\$ 473,223
Sewage Disposal Services	-	571,598	571,598
Penalties and Interest Charges	101,121	54,485	155,606
Installation and Other Miscellaneous Charges	173,275	71,646	244,921
Total Operating Revenues	<u>\$ 747,619</u>	<u>\$ 697,729</u>	<u>\$ 1,445,348</u>
Operating Expenses			
Personnel Services	\$ 84,422	\$ -	\$ 84,422
Water Purchases	243,888	-	243,888
Contractual Services	20,000	261,801	281,801
Repairs and Maintenance	18,916	4,616	23,532
Other Supplies and Expenses	103,783	34,679	138,462
Depreciation	197,015	146,006	343,021
Total Operating Expenses	<u>\$ 668,024</u>	<u>\$ 447,102</u>	<u>\$ 1,115,126</u>
Operating Income	<u>\$ 79,595</u>	<u>\$ 250,627</u>	<u>\$ 330,222</u>
Nonoperating Revenues(Expenses)			
Tap Fees - Infrastructure	\$ -	\$ 333,704	\$ 333,704
Interest and Investment Revenue	26,753	38,184	64,937
Gain from Joint Venture	-	17,283	17,283
Interest Expense	(215,849)	(155,112)	(370,961)
Total Nonoperating Revenues(Expenses)	<u>\$ (189,096)</u>	<u>\$ 234,059</u>	<u>\$ 44,963</u>
Change in Net Assets	\$ (109,501)	\$ 484,686	\$ 375,185
Total Net Assets-Beginning	<u>3,982,232</u>	<u>4,555,482</u>	<u>8,537,714</u>
Total Nets Assets-Ending	<u><u>\$ 3,872,731</u></u>	<u><u>\$ 5,040,168</u></u>	<u><u>\$ 8,912,899</u></u>

The notes to the financial statements are an integral part of these statements

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2008

	Proprietary Funds
Cash Flows From Operating Activities	
Receipts from Customers	\$ 1,420,564
Payments to Suppliers	(708,382)
Payments to Employees	(83,014)
Net Cash Provided by Operating Activities	<u>\$ 629,168</u>
Cash Flows From Capital and Related Financing Activities	
Purchases of Capital Assets	\$ (2,836,496)
Tap Fees - Infrastructure Proceeds	333,704
Proceeds from Capital Debt	975,000
Principal paid on Capital Debt	(358,872)
Interest paid on Capital Debt	(373,350)
Net Cash Provided by Capital and Related Financing Activities	<u>\$ (2,260,014)</u>
Cash Flow From Investing Activities	
Interest received	\$ 64,937
Net change in certificates of deposit	187,693
Special assessment payments received	297,032
Net Cash Provided by Investing Activities	<u>\$ 549,662</u>
Net Decrease in Cash and Cash Equivalents	\$ (1,081,184)
Cash and Cash Equivalents-Beginning	<u>3,151,827</u>
Cash and Cash Equivalents-Ending	<u><u>\$ 2,070,643</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 330,222
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	343,021
Change in Assets and Liabilities	
Trade receivables, net	(38,614)
Due from other governments	2,354
Due from fiduciary funds	11,476
Deferred charges	(31,908)
Accounts Payable	11,209
Due to other governmental funds	1,408
Deferred revenue	-
Net Cash Provided by Operating Activities	<u><u>\$ 629,168</u></u>

The notes to the financial statements are an integral part of these statements

FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
June 30, 2008

	Agency Funds		
	Property Tax <u>Collection Fund</u>	Trust & Agency <u>Fund</u>	Total <u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 45,117	\$ 17,941	\$ 63,058
Liabilities			
Due to other governmental funds	\$ 45,117	\$ 602	\$ 45,719
Other Accruals	-	17,339	17,339
Total Liabilities	<u>\$ 45,117</u>	<u>\$ 17,941</u>	<u>\$ 63,058</u>

The notes to the financial statements are an integral part of these statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the New Buffalo Township (the “Township”) conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

A. Reporting Entity

The Township is governed by an elected five-member council (the “Board”). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria are established under GASB #39 for which organizations are to be included in the reporting entity. See the following criteria and descriptions for the component units reported:

Blended Component Units—A blended component unit is a legally separate entity from the Township, but is so intertwined with the unit that is, in substance, the same as the Township. It is reported as part of the Township and blended into the appropriate fund types. There were no such units at June 30, 2008.

Discretely Presented Component Units—The following component units are reported within the “component units” column in the government-wide financial statements. The discretely presented component unit is an entity that is legally separate from the Township, but for which the unit is financially accountable, or its relationship with the unit is such that exclusion would cause the unit’s financial statements to be misleading or incomplete.

New Buffalo Township Library (the “Library”)—The Library, which was established under P.A. 164 of 1877 as amended, is governed by a five member board selected by public ballot. Monies received are deposited in the local unit treasury to the credit of the Library Fund. A millage is assessed and collected in the same manner as other township taxes. Complete financial statements as of December 31, 2007 may be obtained directly from the Library at the following address:

New Buffalo Township Library
33 North Thompson
New Buffalo, MI 49117

Jointly Governed Organization—Cemetery Board—The Township, along with the City of New Buffalo (the “City”), has entered into an agreement which created a joint Cemetery Board (the “Board”) for the operation, care, and control of certain lands jointly used for the Pine Grove Cemetery.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**A. Reporting Entity, concluded**

The Board is comprised of five (5) members; two (2) appointed by the City's Council and two (2) by the Township's Board and the last member, the Chairperson, appointed by the other four (4) members from the elector-at-large. The Township provides, by appropriation, 50% of the total amount requested by the Board for operating the Pine Grove Cemetery. The Township's contribution for 2008 was \$24,000. The budget is submitted annually by the Board and approved by the City and Township.

In accordance with Statement on Michigan Governmental Accounting and Auditing No. 5, the financial statements of the Cemetery Board are not included within the body of the financial statements of the Township. Financial statements are available from the Board, with the following audited summary financial information on the Board as of June 30, 2003. Audited financial statements for subsequent years are unavailable.

Total Assets	\$ 6,331
Total Liabilities	452
Total Net Assets	5,879
Total Revenues	48,443
Total Expenditures	58,638
Decrease in Net Assets	(10,195)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**B. Government-Wide and Fund Financial Statements, concluded**

and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Property Taxes--The Township's property taxes attach as an enforceable lien on December 1st, on the taxable valuation of property (as defined by State statutes) located in the Township and payable on February 15 of the succeeding year.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, continued**

The Township's 2007 ad valorem tax is levied and collectible on December 1, 2007 and it is recognized as revenue in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 taxable valuation of the Township totaled \$452.3 million, on which ad valorem taxes levied which consisted of .4243 mills for the Township's operating purposes, .3934 mills for ambulance services, and .2500 for the Park Fund. These amounts are recognized in the respective General and Special Revenue Funds' financial statements as taxes receivable—current or as tax revenue.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Ambulance Fund accounts for taxes levied and related expenditures used for ambulance service in the Township.

The Building Fund accounts for revenues generated (i.e. building, electrical and mechanical permit fees) and related expenditures related to the inspection and monitoring of building activity in the Township.

The Local Revenue Sharing Fund accounts for shared gaming revenues collected from the Local Revenue Sharing Board and related expenditures related to the casino located within the Township.

The Park Millage Fund accounts for taxes levied and related expenditures for the construction and maintenance of the Township's parks.

The Township reports the following major proprietary funds:

The Water Fund and Sewer Fund account for the activities of the water distribution system and sewage collection system.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, concluded**

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments—Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value and consist of only certificates of deposit greater than 90 days.

Receivables and Payables—In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**D. Assets, Liabilities, and Net Assets or Equity, continued**

balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories—Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepaid Items—Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets—Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Township has chosen not to retroactively report any other infrastructure assets and will only report any additions prospectively in accordance with G.A.S.B. #34. Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Land Improvements	10 to 20 years
Water and Sewer Lines	50 to 75 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**D. Assets, Liabilities, and Net Assets or Equity, concluded**

Compensated Absences (Vacation and Sick Leave)—It is the Township's policy to permit employees to accumulate earned but not unused sick and vacation pay benefits. There is no liability for unpaid accumulated vacation and sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government.

Long-Term Obligations—In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designations of fund balance represent tentative management plans that are subject to change.

Estimates—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at the fiscal year end. The Township Supervisor submits the proposed operating budget for the fiscal year commencing July 1st and public hearing are conducted to obtain taxpayer comments. After submission, the Township Board formally adopts the budget and any future transfers or amendments must be approved by the Township Board.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONCLUDED

The budget document presents information by fund function. The legal level of budgetary control adopted by the governing board (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by July 1st. Expenditures in excess of the amounts budgeted is violation of P.A. 621 of 1978, Section 18(1) as amended. State law permits Townships to amend its budgets during the year. There were no amendments during the year.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Major Budgeted Funds—During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated as follows:

	Original and <u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
General Government-Supervisor	\$ 18,900	\$ 19,199	\$ (299)
General Government-Planning Commission	9,500	14,306	(4,806)
General Government - All Other General Government	7,800	15,658	(7,858)
Capital Outlay	-	50,467	(50,467)
Park Millage Fund			
Transfers Out	\$ -	\$ 12,029	\$ (12,029)

Funds sufficient to provide for the excess expenditures were made available from other functions within the fund, and had no impact on the financial results of the Township.

Fund Deficits—The Township has no accumulated fund balance/retained earning deficits in their reported funds.

NOTE 3. DEPOSITS AND INVESTMENTS

At June 30, 2008, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Total Primary <u>Government</u>	Fiduciary <u>Funds</u>	Component <u>Units</u>
Cash and Cash Equivalents	\$ 1,214,338	\$ 2,070,643	\$ 3,284,981	\$ 63,058	\$ 106,213
Certificates of Deposit > 90 days	62,051	337,706	399,757	-	-
Total	<u>\$ 1,276,389</u>	<u>\$ 2,408,349</u>	<u>\$ 3,684,738</u>	<u>\$ 63,058</u>	<u>\$ 106,213</u>

The breakdown between deposits and investments is as follows:

	Primary <u>Government</u>	Fiduciary <u>Funds</u>	Component <u>Units</u>
Bank Deposits (checking and savings accounts)	\$ 3,284,281	\$ 63,058	\$ 106,213
Certificates of Deposit > 90 days	399,757	-	-
Petty Cash and Cash on Hand	700	-	-
	<u>\$ 3,684,738</u>	<u>\$ 63,058</u>	<u>\$ 106,213</u>

Deposits. All cash of the Township is on deposit with financial institutions which provide FDIC insurance coverage or in highly liquid pooled money funds.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township maintains cash balances primarily using sweep accounts to invest idle cash in U.S. Government backed securities. Non-sweep accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. As of June 30, 2008, \$1,550,115 of the Township's non-sweep account bank deposit balance of \$2,110,333 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. As of June 30, 2008, the Township had sweep account balances totaling \$1,615,636 that were invested in U.S. Government backed securities. With regard to New Buffalo Township Library, a component unit of the Township, all of the Library's bank balances of were fully insured by the FDIC.

Investments. Michigan law permits investments in: 1) Bonds and other obligations of the United States Government; 2) Certificates of deposit and savings accounts of banks or credit unions who are members of the FDIC and FSLIC, respectively; 3) Certain commercial paper; 4) United States Government repurchase agreements; 5) Banker's acceptance of the United States Bank; and 6) Certain mutual funds. The Township has put further restrictions on those investments through its current policy, and the following investment is permitted by law and policy.

NOTE 3. DEPOSITS AND INVESTMENTS, CONCLUDED

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

Credit Risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008, the Township had no investment.

Concentration of Credit Risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. As of June 30, 2008, the Township had no investment.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by: limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business. As of June 30, 2008, the Township had no investments.

Foreign Currency Risk. The Township is not authorized to invest in investments which have this type of risk.

NOTE 4. RECEIVABLES

Receivables as of year-end for the Township's individual major and nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water and Sewer	Other-Major Funds	Total
Taxes Receivable	\$ -	\$ -	\$ 248	\$ 248
Trade Receivables	6,082	198,954	-	205,036
Due from Local Revenue Sharing Board	-	-	260,958	260,958
Special Assessments	-	1,767,559	-	1,767,559
Intergovernmental	52	-	-	52
Other	4,535	-	-	4,535
Less: Allowance for Uncollectible	-	-	-	-
Net Receivables	<u>\$ 10,669</u>	<u>\$ 1,966,513</u>	<u>\$ 261,206</u>	<u>\$ 2,238,388</u>

The amount due from Local Revenue Sharing Board of \$260,958 noted above relates to reimbursement to be received for police protection costs incurred by the Township through a contract with the county sheriff. The funding will be received by the Township once the Local Revenue Sharing Board begins to make payments from the Local Revenue Sharing Fund.

NOTE 5. CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	<u>\$ 44,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,674</u>
Capital assets being depreciated				
Land improvements	\$ 96,469	\$ -	\$ -	\$ 96,469
Building improvements	253,031	-	-	253,031
Equipment	805,740	50,467	-	856,207
Subtotal	<u>\$ 1,155,240</u>	<u>\$ 50,467</u>	<u>\$ -</u>	<u>\$ 1,205,707</u>
Less: Accumulated depreciation	<u>(707,431)</u>	<u>(68,694)</u>	<u>-</u>	<u>(776,125)</u>
Net capital assets being depreciated	<u>\$ 447,809</u>	<u>\$ (18,227)</u>	<u>\$ -</u>	<u>\$ 429,582</u>
Net capital assets	<u>\$ 492,483</u>	<u>\$ (18,227)</u>	<u>\$ -</u>	<u>\$ 474,256</u>

NOTE 5. CAPITAL ASSETS, CONCLUDED

Depreciation expense was charged to programs of the primary government as follows:
Governmental Activities;

General Government \$68,694

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-Type Activities</i>				
Capital assets not being depreciated				
Land	\$ 4,354	\$ 11,566	\$ -	\$ 15,920
Construction in progress	1,487,048	655,611	(1,487,048)	655,611
	<u>\$ 1,491,402</u>	<u>\$ 667,177</u>	<u>\$ (1,487,048)</u>	<u>\$ 671,531</u>
Capital assets being depreciated				
Infrastructure	\$ 10,185,799	\$ 3,031,694	\$ -	\$ 13,217,493
Equipment	45,128	24,120	-	69,248
Subtotal	<u>\$ 10,230,927</u>	<u>\$ 3,055,814</u>	<u>\$ -</u>	<u>\$ 13,286,741</u>
Less: Accumulated depreciation	<u>(4,022,395)</u>	<u>(343,021)</u>	<u>-</u>	<u>(4,365,416)</u>
Net capital assets being depreciated	<u>\$ 6,208,532</u>	<u>\$ 2,712,793</u>	<u>\$ -</u>	<u>\$ 8,921,325</u>
Net capital assets	<u><u>\$ 7,699,934</u></u>	<u><u>\$ 3,379,970</u></u>	<u><u>\$ (1,487,048)</u></u>	<u><u>\$ 9,592,856</u></u>

Depreciation was charged to programs for the business-type activities as follows:

Water	\$ 197,015
Sewer	146,006
	<u><u>\$ 343,021</u></u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Component Unit Activities</i>				
Capital assets not being depreciated				
Land	\$ 5,000	\$ 317,817	\$ -	\$ 322,817
Capital assets being depreciated				
Buildings and improvements	\$ 218,627	\$ 251,740	\$ -	\$ 470,367
Furniture and fixtures	175,776	12,824	(10,332)	178,268
Office and library equipment	456,274	27,963	-	484,237
Subtotal	<u>\$ 850,677</u>	<u>\$ 292,527</u>	<u>\$ (10,332)</u>	<u>\$ 1,132,872</u>
Less: Accumulated depreciation	<u>(549,135)</u>	<u>(55,384)</u>	<u>8,198</u>	<u>(596,321)</u>
Net capital assets being depreciated	<u>\$ 301,542</u>	<u>\$ 237,143</u>	<u>\$ (2,134)</u>	<u>\$ 536,551</u>
Net capital assets	<u><u>\$ 306,542</u></u>	<u><u>\$ 554,960</u></u>	<u><u>\$ (2,134)</u></u>	<u><u>\$ 859,368</u></u>

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances and transfers is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Building	\$ 4,959
	Property Tax Collection	45,117
	Trust & Agency	602
	Water	5,781
	Sewer	961
Liquor	General	277
Water	General	38,072
	Sewer	492,482
Total		<u><u>\$ 588,251</u></u>

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Park Millage	<u><u>\$ 12,029</u></u>

NOTE 7. DESIGNATED NET ASSETS

The Township had the following designated net assets:

Governmental Activities:

Fire Reserve	\$ 8,018
Park I-Water	6,766
Park II-Equipment	2,006
Park III-Land	13,424
	<u><u>\$ 30,214</u></u>

NOTE 8. LONG TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities							
<i>General Obligation Bonds</i>							
2006 General Obligation Limited Tax Bonds, Series A	4.20%	5/1/2021	\$ 410,000	\$ -	\$ (20,000)	\$ 390,000	\$ 25,000
2007 General Obligation Limited Tax Bonds	4.00 to 4.20%	5/1/2032	2,600,000	-	-	2,600,000	-
2007 Series B General Obligation Limited Tax Bonds	3.50 to 4.40%	11/1/2027	-	535,538	-	535,538	16,500
<i>Revenue Bonds</i>							
1998 Series A Special Assessment Bond	4.25 to 5.80%	3/1/2018	92,800	-	(9,600)	83,200	9,600
1998 Series B Special Assessment Bond	4.25 to 5.00%	3/1/2019	78,200	-	(9,200)	69,000	9,200
1999 Special Assessment Bond	4.29 to 5.50%	3/1/2013	260,000	-	(100,000)	160,000	95,000
2000 Special Assessment Bond	4.75 to 5.40%	3/1/2015	425,000	-	(55,000)	370,000	60,000
2004 Special Assessment Bond, Series A-Federal loan	4.25%	9/1/2044	398,500	-	(5,000)	393,500	5,000
2004 Special Assessment Bond, Series B-Federal loan	4.75%	9/1/2044	78,500	-	(1,000)	77,500	1,000
2005 Capital Improvement Bonds	2.50 to 4.65%	3/1/2020	250,000	-	(15,000)	235,000	15,000
Unamortized Discounts			(29,920)	-	2,408	(27,512)	(2,408)
Subtotal Water Fund			\$ 4,563,080	\$ 535,538	\$ (212,392)	\$ 4,886,226	\$ 233,892

NOTE 8. LONG TERM DEBT, CONCLUDED

	Interest Rate	Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>General Obligation Bonds</i>							
2003 GRSD Sewer Authority Bonds	2.00 to 4.70%	6/30/2029	\$ 3,106,272	\$ -	\$ (92,872)	\$ 3,013,400	\$ 96,824
2005 General Obligation Limited Tax Bonds, Series B	3.30 to 4.60%	5/1/2021	370,000	-	(20,000)	350,000	25,000
2007 Series B General Obligation Limited Tax Bonds	3.50 to 4.40%	11/1/2027	-	439,462	-	439,462	13,500
2007 GRSD Sewer Authority Bond	4.00%	5/31/2027	-	360,000	-	360,000	13,000
<i>Revenue Bonds</i>							
1998 Series A Special Assessment Bond	4.25 to 5.80%	3/1/2018	197,200	-	(20,400)	176,800	20,400
1998 Series B Special Assessment Bond	4.25 to 5.00%	3/1/2019	91,800	-	(10,800)	81,000	10,800
Unamortized Discounts			(78,231)	-	3,725	(74,506)	(3,725)
Subtotal Sewer Fund			<u>\$ 3,687,041</u>	<u>\$ 799,462</u>	<u>\$ (140,347)</u>	<u>\$ 4,346,156</u>	<u>\$ 175,799</u>
Total Business-Type Activities			<u>\$ 8,250,121</u>	<u>\$ 1,335,000</u>	<u>\$ (352,739)</u>	<u>\$ 9,232,382</u>	<u>\$ 409,691</u>

Interest expense was charged to programs for the business-type activities as follow:

Water	\$ 215,849
Sewer	155,112
	<u>\$ 370,961</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ended June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ -	\$ -	\$ 415,824	\$ 336,946
2010	-	-	397,800	328,047
2011	-	-	412,752	318,435
2012	-	-	416,704	307,786
2013	-	-	416,656	296,556
2014-2018	-	-	2,046,536	1,286,069
2019-2023	-	-	1,948,976	930,926
2024-2028	-	-	2,099,720	497,848
2029-2033	-	-	944,432	133,641
2034-2038	-	-	84,000	40,575
2039-2043	-	-	103,000	19,665
2044-2045	-	-	48,000	1,085
Unamortized Discount	-	-	(102,018)	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,232,382</u>	<u>\$ 4,497,579</u>

NOTE 9. EQUITY INVESTMENT (PROPRIETARY FUND)

The Township participates with Chikaming and Lake Charter Townships, and the Cities of New Buffalo and Bridgman (admitted under 2000 agreement) in a joint venture investment known as the GRSD Sewer Authority (the "Authority"). The Authority provides sewage treatment and collection facilities for the residents of those municipalities.

The Authority is governed by a joint board of six members consisting of one member from each of the participating municipalities appointed by their respective governing bodies, and the sixth member appointed by the other five.

On dissolution of the Authority, net assets will be shared on a pro-rata basis as follows:

New Buffalo Township	16.60%
Chikaming Township	28.60%
Lake Charter Township	16.60%
City of New Buffalo	21.60%
City of Bridgman	16.60%
	<u>100.00%</u>

The Township has accounted for this investment using the equity method. Financial statements are available from the Authority, with the following audited summary financial information on the GRSD Authority as of and for the year ended December 31, 2007, with a report thereto dated May 23, 2008:

Assets	\$ 17,462,791
Liabilities	251,719
Net Assets	17,211,072
Operating Revenues	1,912,578
Operating Expenses	1,825,383
Nonoperating Revenues	1,786,181
Net Earnings	1,873,376

The Township's net investment and share of the operating results of the Authority are reported in the Sewer Fund. The Township's equity investment was \$4,208,803 as of June 30, 2008.

NOTE 10. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township carries insurance for these risks. Settled claims resulting from these risks have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 11. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Certain claims, suits, and complaints arising in the ordinary course of business have been filed, appealed, or are pending against the Township.

In the opinion of management and legal counsel, all such matters are covered by insurance or if not so covered, are without merit and, in any event, their ultimate resolution will not have a material effect on the Township's financial position or operations.

The GRSD Authority has billed the Township \$243,250 of tap-in fees related to the connection of the Four Winds Casino into the sewer system. The Township has not made payment to the Authority as of June 30, 2008. It is the Township's position that it will make payment to the Authority once the related collection has been received by the Four Winds Casino. The Township has not recorded a receivable, payable, or any related income or expense related to this issue as of, or for the year ended, June 30, 2008.

NOTE 12. LEASES

Operating Leases—The Township leases a postage meter under a non-cancelable operating lease. Total costs for the leases was \$1,272 in the current year. The future minimum lease payments for these leases are as follows:

2009	1,272
2010	1,272
2011	106
	<u>\$ 2,650</u>

REQUIRED SUPPLEMENTAL INFORMATION

NEW BUFFALO TOWNSHIP
**BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
June 30, 2008**

	Original and Final Budget	Actual	Variance
Beginning of Year Fund Balance	\$ 452,855	\$ 452,855	\$ -
Resources(Inflows)			
Taxes	\$ 210,792	\$ 196,834	\$ (13,958)
Service and tax administrator fees	142,000	151,312	9,312
Licenses and Permits	1,437	3,066	1,629
State Shared Revenue	140,000	140,125	125
Charges for Services	15,200	34,799	19,599
Fines and Forfeits	500	733	233
Interest and Rentals	88,000	109,936	21,936
Other Revenues	39,500	42,268	2,768
Transfers In	-	12,029	12,029
Amounts Available for Appropriation	\$ 637,429	\$ 691,102	\$ 53,673
Charges to Appropriations(Outflows)			
General Government			
Legislative	\$ 118,000	\$ 117,880	\$ 120
Supervisor	18,900	19,199	(299)
Elections	5,400	3,422	1,978
Assessing Equalization	46,298	44,965	1,333
Clerk	49,987	49,437	550
Board of Review	1,400	1,241	159
Treasurer	61,152	59,166	1,986
Building and grounds	35,100	23,302	11,798
Cemetery	24,000	23,522	478
Planning Commission	9,500	14,306	(4,806)
Zoning Board	67,800	37,331	30,469
All other general government	7,800	15,658	(7,858)
Public Safety			
Fire	106,000	97,813	8,187
Public Works			
Public works, streets, highways, and lights	51,300	16,346	34,954
Recreation and Culture			
Parks and recreation	5,100	4,888	212
Debt Service	-	-	-
Capital Outlay	-	50,467	(50,467)
Total Charges to Appropriations	\$ 607,737	\$ 578,943	\$ 28,794
End of Year Fund Balance	\$ 482,547	\$ 565,014	\$ 82,467

NEW BUFFALO TOWNSHIP**BUDGETARY COMPARISON SCHEDULE-AMBULANCE FUND
June 30, 2008**

	Original and Final Budget	Actual	Variance
Beginning of Year Fund Balance	\$ 232,040	\$ 232,040	\$ -
Resources(Inflows)			
Taxes	\$ 172,000	\$ 177,698	\$ 5,698
Interest & Rentals	3,200	4,791	1,591
Other Revenue	-	-	-
Amounts Available for Appropriation	\$ 175,200	\$ 182,489	\$ 7,289
Charges to Appropriations(Outflows)			
Public Safety	\$ 110,000	\$ 106,684	\$ 3,316
Total Charges to Appropriations	\$ 110,000	\$ 106,684	\$ 3,316
End of Year Fund Balance	\$ 297,240	\$ 307,845	\$ 10,605

NEW BUFFALO TOWNSHIP**BUDGETARY COMPARISON SCHEDULE-BUILDING FUND
June 30, 2008**

	Original and Final Budget	Actual	Variance
Beginning of Year Fund Balance	\$ 114,656	\$ 114,656	\$ -
Resources(Inflows)			
Charges for Services	\$ 185,000	\$ 152,517	\$ (32,483)
Interest and Rentals	3,500	2,535	(965)
Other Revenues	-	1,120	1,120
Amounts Available for Appropriation	\$ 188,500	\$ 156,172	\$ (32,328)
Charges to Appropriations(Outflows)			
General Government	\$ 182,012	\$ 164,360	\$ 17,652
Total Charges to Appropriations	\$ 182,012	\$ 164,360	\$ 17,652
End of Year Fund Balance	\$ 121,144	\$ 106,468	\$ (14,676)

NEW BUFFALO TOWNSHIP**BUDGETARY COMPARISON SCHEDULE-LOCAL REVENUE SHARING FUND
June 30, 2008**

	Original and Final Budget	Actual	Variance
Beginning of Year Fund Balance	\$ -	\$ -	\$ -
Resources(Inflows)			
Local Revenue Sharing	\$ 450,000	\$ 260,958	\$ (189,042)
Interest and Rentals	-	32	32
Amounts Available for Appropriation	<u>\$ 450,000</u>	<u>\$ 260,990</u>	<u>\$ (189,010)</u>
Charges to Appropriations(Outflows)			
Public Safety	\$ 450,000	\$ 260,958	\$ 189,042
Total Charges to Appropriations	<u>\$ 450,000</u>	<u>\$ 260,958</u>	<u>\$ 189,042</u>
End of Year Fund Balance	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 32</u>

NEW BUFFALO TOWNSHIP**BUDGETARY COMPARISON SCHEDULE- PARK MILLAGE FUND
June 30, 2008**

	Original and Final Budget	Actual	Variance
Beginning of Year Fund Balance	\$ -	\$ -	\$ -
Resources(Inflows)			
Taxes	\$ 105,000	\$ 113,022	\$ 8,022
Interest & Rentals	-	602	602
Grants	-	239,000	239,000
Other Revenue	7,000	-	(7,000)
Amounts Available for Appropriation	<u>\$ 112,000</u>	<u>\$ 352,624</u>	<u>\$ 240,624</u>
Charges to Appropriations(Outflows)			
Recreation and Culture	\$ 112,000	\$ 9,328	\$ 102,672
Transfers Out	-	12,029	(12,029)
Total Charges to Appropriations	<u>\$ 112,000</u>	<u>\$ 21,357</u>	<u>\$ 90,643</u>
End of Year Fund Balance	<u>\$ -</u>	<u>\$ 331,267</u>	<u>\$ 331,267</u>

OTHER SUPPLEMENTAL INFORMATION

NEW BUFFALO TOWNSHIP**BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUND****June 30, 2008**Liquor
Fund**Assets**

Cash and Cash Equivalents	\$	9,220
Due from other governmental funds		277
Total Assets	\$	9,497

Liabilities and Fund Balance**Liabilities**

Accounts Payable	\$	-
Due to other governmental funds		-
Total Liabilities	\$	-

Fund Balance

Reserved	\$	-
Unreserved:		
Designated		-
Undesignated		9,497
Total Fund Balance	\$	9,497

Total Liabilities and Fund Balance	\$	9,497
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NEW BUFFALO TOWNSHIP**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****NON-MAJOR GOVERNMENTAL FUND****For the Year Ended June 30, 2008**

	Liquor <u>Fund</u>
Revenues	
State Shared Revenue	\$ 5,131
Expenditures	
Current	
General Government	\$ 4,747
Excess of Revenues Over Expenditures	\$ 384
Fund Balance-July 1, 2007	9,113
Fund Balance-June 30, 2008	<u>\$ 9,497</u>



December 22, 2008

To the Board of Trustees
New Buffalo Township, Michigan

In planning and performing our audit of the financial statements of New Buffalo Township ("Township") for the year ended June 30, 2008, we considered the Township's internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving the internal control structure and its operation that we consider opportunities for strengthening internal controls and operating efficiency.

CURRENT YEAR RECOMMENDATIONS:

Water and Sewer Accounts Receivable

During our review of the Township's water and sewer usage billing/collection and accounts receivable reconciliation processes, we noted that certain miscellaneous adjustments made to the Township's subsidiary accounts receivable ledgers are not always posted timely to the general ledger. Although, these differences are identified in the accounts receivable reconciliation processes, it results in additional time incurred to identify the source of the discrepancies. We recommend the Township develop a formal process for ensuring all adjustments made to the underlying subsidiary ledger detail are appropriately reflected in the general ledger in a timelier manner.

PRIOR YEAR RECOMMENDATIONS:

The prior year recommendation for the Township to adopt a budget for the Ambulance fund was adopted.

We would be happy to discuss the recommendation with you at your convenience. We would also like to express our appreciation for the courtesy and cooperation extended to us during the engagement.

This report is intended solely for the information and use of the Board of Trustees, management, and others within the Township.

A handwritten signature in cursive script that reads 'Schaffer & Layher'.

Schaffer & Layher
St. Joseph, Michigan

David Schaffer, CPA
Michael Layher, CPA
Founding Partners:
Morris McMurray, CPA
Raymond Marks, CPA
Jeff Edmunds, CPA